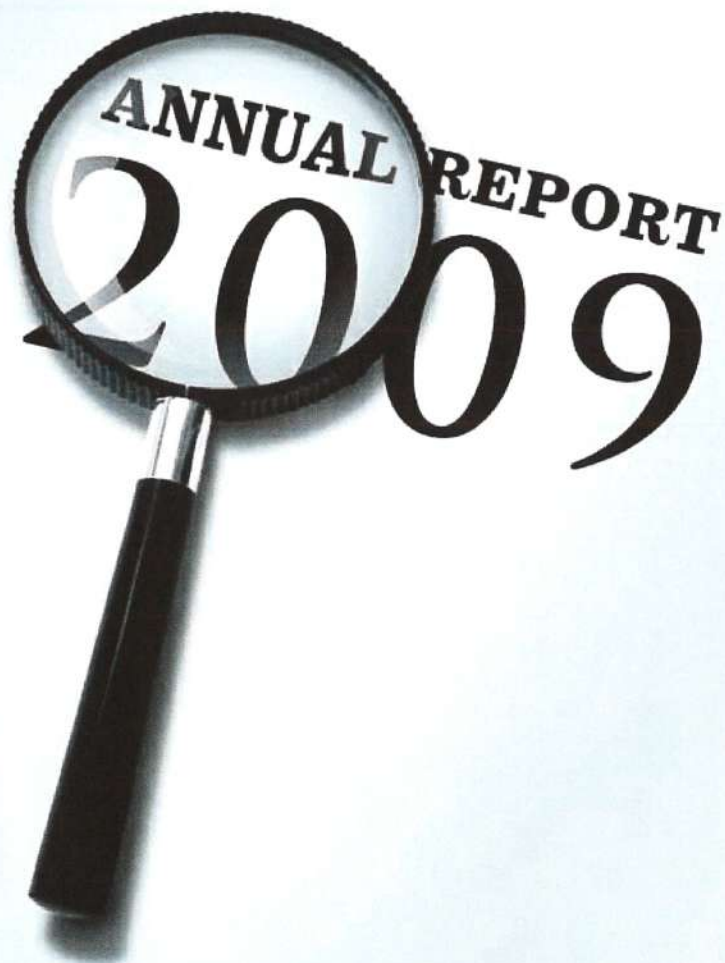


Exhibit I



بنك دبي الإسلامي
Dubai Islamic Bank

The world's first Islamic bank



2009
ANNUAL
REPORT

DUBAI ISLAMIC BANK P.J.S.C.

Report and consolidated financial statements for
the year ended 31 December 2009

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FATWA AND SHARIA SUPERVISORY BOARD REPORT

Submitted to The General Assembly Concerning Dubai Islamic Bank's Performance 2009

1. Fatwas and Decisions

The Fatwa & Sharia Supervisory Board ("the Board") attended questions and queries received from the Bank's various departments and issued a set of decisions and appropriate fatwas.

In view of the current global financial crisis and its impact on Islamic banks, the Board has noted that there are various issues that require in-depth research and require additional guidance on account of public needs and the Board applied fatwas of necessity cases, such as clients' inability to honour their obligations timely basis, and to provide alternative products to allow them to honour their obligations. As a result, with the help of Allah and the efforts of the Board and the Bank's management, the Bank has been able to avoid the effects, and even reduce its impact of financial crises. Therefore, fatwas have been issued to address such issues.

2. Structuring of Financing and Preparation of its Documentation

The Board examined and reviewed all the transactions presented for preparation, review and approval of transaction structures, their contracts and related documentation.

3. Investment and Funds Portfolios

The Board reviewed structures of the investment funds and investment portfolios in addition to their management, operations and performance, the circulation and use of their funds. The Board ensure that the investment funds and investments portfolio do not breach any Sharia principles and Board Fatwas.

4. Issuance of Sukuk

The Board reviewed the investment Sukuk offered by the bank's management, the structuring of these Sukuk, underlying documentation and prospectus and it was ensured that they comply with Sharia and the Board's fatwas.

5. Syndication Financing

The Board reviewed and approved all syndicate financing transactions' structures, contracts and documentation, and ensured that the transactions conform to Shaira and Board Fatwas.

6. Training

The Bank's management adopted Training plan for Shariaa foundation courses developed by the Sharia Board, which led to significant reduction in instances of Sharia violations.

7. Product Development

- 7.1 The Board, with cooperation of Bank's management, developed the existing products along with innovating new products in line with the developments and progress in Islamic finance industry. This is being done in view of global financial crises and its impact with the aim to meet customers growing needs and expectations.
- 7.2 Additionally, the Board carefully examined all the problems faced by the Bank as a result of the global financial crisis and its implications on both the Bank and its clients collectively. The Board developed new products in order to address these problems based on principle of necessity and compliance with sharia.

8. Sharia Supervision and Auditing

- 8.1 The Board reviewed the Sharia Supervision and auditing reports for the Bank's activities and operations during the year. The Bank's management expressed a sincere commitment to comply with the Board's comments and directives.
- 8.2 The Board set aside the profits from transactions which are not in compliance with Sharia principles where the reasonable justification was not provided by the concerned party in breach.



DUBAI ISLAMIC BANK P.J.S.C.

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FATWA AND SHARIA SUPERVISORY BOARD REPORT (continued)

9. Banking Services Fee

The Board reviewed Sharia auditing report with respect to the bank services during the year and fee charged for those services. The Board advised the banks' departments that the fee must be in return for services and limited to equivalent amount of expense incurred by the bank, without increasing the customer outstanding amount or rentalsdebt against deferment of the same.

10. Review of Books of Accounts and Records

The Board reviewed the bank's books of accounts, records and documents and received the data and information from the management for the purposes of sharia review and audit.

11. Review of the Financial Statements

11.1 The Bank's management is responsible for preparation of the financial statements of the Bank. The Board reviewed the financial statements of the Bank, the accounting policies adopted in preparation of these financial statements and basis of profit distribution between shareholders and depositors firstly followed by distribution among the depositors and provided recommendations and opinion. The Board believes that the financial statements presents fairly the bank's assets and income in view of the information provided by the Bank's management on the observation made by the Board. The accuracy of the financial statements and related information is the responsibility of the Bank's management.

It is worth noting that the Bank presents the investing assets in leases, sold and assigned to the sukukholders, consideration of which have already been received by the Bank from sukuk issuance proceeds. Those lease assets have been included in the assets of the bank in ijarah financing and, the sukuk financing instruments in the liability side. The above are not shown off balance sheet. According to the management of the bank, the presentation is in accordance with the requirements of International Financial Reporting Standards applicable to all banks and requirements of Central Bank of the UAE which is inconsistent with Sharia Standards Board resolution which provides that sukuk assets sold to the sukuk holders, should be shown as an off balance sheet item, and the sukuk issuance proceeds should be treated as consideration of value rather than a debt incurred by the Bank.

The inconsistency pertains only to the disclosure requirements; however, transaction was carried out in compliance with Sharia.

11.2 Pursuant to the memorandum of association of the Bank, the Board reviewed the zakat account which is to be withdrawn by the Banks from the shareholders' funds in conformity with the provisions of Islamic sharia. In respect of zakat on capital and the profits for the year, the responsibility will remain with the shareholders and the Board calculated the rate of zakat due by on share to notify the shareholders thereof.

12. The Board's View

The Board states that the responsibility of implementing Sharia and Board's fatwas in all activities of the Bank, is primarily rests with the Bank's management. Based on the Board review of Banks' activities, transactions, data and information provided as well as management responses to ur its queries, the Board is of the view that the transaction and operations were conducted in accordance with the provisions of Islamic Sharia and the Board's Fatwas.

Members of FATWA AND SHARIA SUPERVISORY BOARD

Dr. Hussein Hamid Hassan

Dr. Ajil Jassem Alnashmi

Dr. Ali Mohiuddin Al Qurra Daghi

Dr. Ali Mohiuddin Al Qurra Daghi

Dr. Mohammed Abdul Hakim Zoeir